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IN THE
Supreme Court of the United States
OCTOBER TERM, 1998

FLORIDA PREPAID POSTSECONDARY
EDUCATION EXPENSE BOARD,
v. *Petitioner,*

COLLEGE SAVINGS BANK AND
THE UNITED STATES OF AMERICA,
Respondents.

On Writ of Certiorari to the
United States Court of Appeals
for the Federal Circuit

BRIEF AMICI CURIAE OF THE AMERICAN SOCIETY
OF COMPOSERS, AUTHORS, AND PUBLISHERS;
BROADCAST MUSIC INC.; THE BUSINESS
SOFTWARE ALLIANCE; THE MOTION PICTURE
ASSOCIATION OF AMERICA; THE RECORDING
INDUSTRY ASSOCIATION OF AMERICA;
AND REED ELSEVIER INC.
IN SUPPORT OF RESPONDENTS

MICHAEL R. KLIPPER *
CHRISTOPHER A. MOHR
MEYER & KLIPPER, PLLC
918 16th Street, N.W.
Washington, D.C. 20006
(202) 496-0830

On Behalf of The American
Society of Composers,
Authors, And Publishers;
Broadcast Music Inc.; The
Business Software Alliance;
The Motion Picture
Association of America;
The Recording Industry
Association of America;
And Reed Elsevier Inc.
As Amici Curiae

* Counsel of Record

QUESTION PRESENTED

Did Congress have power under section 5 of the Fourteenth Amendment to abrogate the states' Eleventh Amendment immunity and make them amenable to suit in federal court for claims of patent infringement when enacting section 2 of the Patent and Plant Variety Protection Clarification Act, Pub. L. No. 102-560, 106 Stat. 4230 (1992), 35 U.S.C. §§ 271(h), 296(a)?

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IN THE
Supreme Court of the United States

OCTOBER TERM, 1998

No. 98-531

FLORIDA PREPAID POSTSECONDARY
EDUCATION EXPENSE BOARD,

v. *Petitioner,*

COLLEGE SAVINGS BANK AND
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Respondents.

On Writ of Certiorari to the
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BRIEF AMICI CURIAE OF THE AMERICAN SOCIETY
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ASSOCIATION OF AMERICA; THE RECORDING
INDUSTRY ASSOCIATION OF AMERICA;
AND REED ELSEVIER INC.
IN SUPPORT OF RESPONDENTS

Amici respectfully submits this brief of amici curiae in support of respondents in this case. Petitioner and both respondents have consented to the filing of this brief. Correspondence reflecting the parties' consent has been lodged with the clerk.

INTEREST OF AMICI¹

Amici file this brief to underscore the potential implications of the Court's disposition of the instant case for

¹ Pursuant to Rule 37.6, *amici* state no counsel for any petitioner or respondent authored this brief in whole or in part. No person

copyright owners. *Amici* consist of five membership organizations—the American Society of Composers, Authors and Publishers (“ASCAP”); Broadcast Music, Inc. (“BMI”); the Business Software Alliance (“BSA”); the Motion Picture Association of America (“MPAA”); the Recording Industry Association of America (“RIAA”); and Reed Elsevier Inc.²

Copyrights form the core of *amici*’s business and thus *amici* have a substantial interest in protecting their copyrights against infringements. *Amici* market copies—or license the public performance—of literally millions of copyrighted works, often to States and their instrumentalities. These entities make extensive use of these materials as well as the works of countless other copyright owners.³

or entity other than *amici* made a monetary contribution to the preparation or submission of this brief.

² References to *amici* refer both to the members of the five membership organizations and Reed Elsevier Inc.’s various copyright-laden operations. A brief description of each *amicus* appears in Appendix A.

³ In her testimony before the House Judiciary Committee’s Subcommittee on Courts, Intellectual Property and the Administration of Justice, Barbara Ringer, former Register of Copyrights, described the breadth of state usage of copyrighted materials:

States and their instrumentalities are major users of copyrighted material of all sorts—not only the familiar forms of printed books and periodicals but the whole range of creative expression in the 1980’s: dance and drama, music and sound records; photographs and filmstrips; motion pictures and video recordings; computer software and chips; pictorial and graphic material, maps and architectural plans, and so forth, ad infinitum. State exploitation of copyrighted works is by no means limited to uses that can be called educational or non-profit. They include large publishing enterprises, computer networks, off-air taping, public performance and display, radio and television broadcasting, and cable transmissions, to name only the most obvious.

Copyright Remedy Clarification Act: Hearings on H.R. 1131 Before the Subcomm. on Courts, Intellectual Property and the Admin.

Since 1996, ASCAP, BMI, BSA, MPAA and RIAA have joined together as *amici* in *Chavez v. Arte Publico Press*, 157 F.3d 282 (5th Cir. 1998), *reh’g en banc granted* (Oct. 1, 1998), and have argued that the Copyright Remedy Clarification Act⁴ is constitutional. When this Court granted the writ of certiorari in the instant case, the Fifth Circuit ordered that *Chavez* be “held in abeyance” pending action in this case and its false advertising companion, *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 131 F.3d 353 (3d Cir. 1997), *cert. granted*, 119 S. Ct. 790 (Jan. 8, 1999) (No. 98-149).⁵ *Amici* believe that a decision by this Court that the Patent and Plant Variety Remedy Clarification Act (the “Patent Remedy Act”) is unconstitutional could lead the Fifth Circuit in *Chavez* to strike down the Copyright Remedy Act—a result that would substantially and adversely affect *amici*’s interests. Congress’ power to create patents and copyrights emanates from the same constitutional clause—Article I, section 8, clause 8—and the language in the two Remedy Acts is virtually identical. As a result, the arguments relied upon by the Federal Circuit in sustaining the Patent Remedy Act closely resemble those that would support the Copyright Remedy Act.

Amici fear that the Court’s decision here could ultimately return them—via the *Chavez* case—to the legal

of Justice of the House Comm. on the Judiciary, 101st Cong. 93 (1989) (statement of Barbara Ringer).

⁴ Pub. L. No. 101-553, 104 Stat. 2749 (1990) (“the Copyright Remedy Act”).

⁵ Letter from Charles R. Fulbure III, Clerk, United States Court of Appeals for the Fifth Circuit, to counsel in *Denise Chavez v. Arte Publico Press, et al.* (No. 93-2881) (January 14, 1999). Prior to this action, the Fifth Circuit had scheduled a hearing *en banc* in *Chavez* during the week of January 18, 1999. Obviously, the Fifth Circuit is awaiting guidance from this Court before resuming its consideration of *Chavez*.

quagmire that existed a decade ago. When Congress enacted the Copyright Remedy Act in 1990, it determined that because federal courts have *exclusive* jurisdiction over copyright infringement suits, their decisions immunizing states and their instrumentalities from damage awards effectively left copyright owners with a right but no adequate remedies against state infringers.⁶ H.R. Rep. No. 101-282, at 8 (1989). Moreover, Congress also knew that the broad language of 17 U.S.C. § 301, designed to ensure uniform application of the copyright law, severely limited the availability of any state remedies by copyright owners.⁷ That provision expressly preempts

⁶ In 1987, the House Judiciary Committee's Subcommittee on Courts, Civil Liberties, and the Administration of Justice requested that the Copyright Office examine the enforcement of copyright against state governments. Register of Copyrights, Copyright Liability of States and the Eleventh Amendment (1988). That report noted that those who filed comments with the Office "almost unanimously chronicled dire financial and other repercussions that would flow from state Eleventh Amendment immunity for damages in copyright infringement suits." *Id.* at iii; see also, e.g., *id.* at 8 (describing unauthorized state copying and distribution of nursing materials). The Copyright Office concluded that "copyright owners have demonstrated that they will suffer immediate harm if they are unable to sue infringing states in federal court for money damages." *Id.* at vii. The Senate Judiciary Committee agreed with that assessment and declared that "[s]tate immunity from damages critically impairs creative incentives and business investments in the country's copyright businesses that deal with State entities." S. Rep. No. 101-305, at 9 (1989).

⁷ When it enacted what is now 17 U.S.C. § 301, Congress expressly intended to create a uniform system of copyright protection and foresaw two benefits of particular relevance flowing from such a system: (1) avoiding the practical difficulties of enforcing an author's right under potentially different regimes in every state, particularly when "the methods of dissemination of an author's work are incomparably broader and faster than they were in 1789, national uniformity is even more essential than it was then to carry out the Constitutional intent," H.R. Rep. No. 94-1476, at 129 (1976); and (2) aiding the United States in international copyright negotiations. *Id.* at 130. Uniformity served as the primary motivator behind the first major revision of the copyright law in 67

"all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright," 17 U.S.C. § 301(a), and is commonly understood to preempt state causes of action wherein the gravamen of the complaint consists of wrongful copying. See, e.g., *Berge v. Board of Trustees of the Univ. of Ala.*, 104 F.3d 1453, 1462-63 (4th Cir. 1996) (finding a state law claim for conversion of copyright preempted by section 301); Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 1.01[b][1] (1998). Without the shield of the Copyright Remedy Act, the broad reach of section 301 may lock *amici* out of the judicial system altogether in certain cases.⁸

Furthermore, Congress concluded that Eleventh Amendment immunity created an arbitrary and unfair legal situation that permitted states to operate under two sets of rules—one when they own copyrights⁹ and another

years. Patent law, in contrast, contains no express provision and relies instead on an inquiry into whether Congress has intended to preempt a given field of endeavor. See *Bonito Boats v. Thunder Craft, Inc.*, 489 U.S. 141 (1989).

⁸ These same concerns over uniformity led to Congress' express rejection of granting states concurrent jurisdiction over copyright cases. See H.R. Rep. No. 101-282, at 9 (noting how "[c]oncurrent jurisdiction creates the potential for differing standards and results"). Moreover, even if Congress wanted to grant states concurrent jurisdiction, the effectiveness of doing so is now open to doubt. See *Alden v. State*, 715 A.2d 172 (Me. 1998), *cert. granted*, 119 S. Ct. 443 (Nov. 9, 1998) (holding that sovereign immunity prevents states from being sued in their own courts with respect to cases arising under federal law). If applied to the Copyright Remedy Clarification Act, this decision would mean that infringing states could not be sued in their courts—even if Congress amended federal law to allow copyright suits to be brought concurrently in federal and state fora.

⁹ The Senate Judiciary Committee Report noted that, according to a Copyright Office survey, almost half a century ago (between 1950-54), states or state agencies registered about 4700 copyright claims. S. Rep. No. 101-305, at 6 n.3 (1990). A review of the

when they use the copyrighted works of others. As copyright owners, states could avail themselves of the entire arsenal of remedies available under the Copyright Act when their works were infringed, but those copyright owners who were victimized by state infringements were limited to seeking only prospective injunctive relief under *Ex parte Young*, 209 U.S. 123 (1908)—a result that deeply troubled Congress.¹⁰

Although the reasons that motivated *amici* in 1990 to support congressional passage of the Copyright Remedy Act remain equally valid today,¹¹ technological developments have greatly increased the importance of enacting a law that successfully abrogates state immunity from damages in copyright infringement suits. This Court itself recently noted that the online environment known as the internet provides “a vast platform from which to address and hear from a world-wide audience of millions of readers,

Copyright Office’s registrations conducted during the *Chavez* litigation covering the period from 1976-96 reveals that, for example, the State of Texas—including *inter alios*, the Secretary of State, the University of Texas at Austin, the University of Texas at Arlington, and the University of Houston (including the Blaffer Gallery)—has registered several hundred copyrights. Moreover, the States own innumerable copyrighted works that they may exploit without registration.

¹⁰ The legislative history of the Copyright Remedy Act is replete with criticisms of the effectiveness of injunctions in this context. See, e.g., S. Rep. No. 101-305, at 12 (“Injunctive relief for copyright owners does not provide adequate compensation or effective deterrence for copyright infringement. . . . Injunctions only prohibit future infringements and cannot provide compensation for violations that have already occurred.”); see also H.R. Rep. No. 101-282, at 8 (“Injunctive relief is often obtained only at great cost. It deters only future conduct, and does not compensate for past harm.”).

¹¹ To help keep these state markets secure from piracy, several *amici* participated in the Copyright Remedies Coalition, an ad hoc group that successfully sought enactment of the Copyright Remedy Act.

viewers, researchers and buyers.” *Reno v. American Civil Liberties Union*, 521 U.S. 844, 886 (1997). From the copyright owner’s perspective, however, this digital marketplace of ideas and information also has a dark side. Given the state of technology, copyrighted works, patented software, and other information-based products could have their market values obliterated in a matter of hours.

Injunctions under the doctrine of *Ex Parte Young* provide a wholly inadequate remedy in this context. Once a textbook or computer program becomes available on an open network, injunctions amount to “closing the barn door after the horses have run away.” S. Rep. No. 101-305, at 8 (1990). Reversal of the Federal Circuit’s decision would effectively give every state actor “one free infringement,” which is all that is necessary to destroy the market value of a work. The so-called digital revolution has caused policy makers around the world to devote much time and effort to ensuring that copyright laws and treaties keep pace so that property rights are not overwhelmed and the incentives to create new works are not eviscerated.¹²

These technological developments make it critical that the copyright laws must be fully enforceable against all infringers, including states. There is, of course, little incentive for the States to negotiate license fees when they can simply take what they want and, at most, face a

¹² In light of the threat posed to copyright owners by digital technology, Congress recently enacted the Digital Millennium Copyright Act, Pub. L. No. 105-304, 112 Stat. 2860 (1998), which, in part, makes it illegal to circumvent copy protection technology, or to alter copyright management information. Furthermore, in 1997, Congress passed the No Electronic Theft Act, Pub. L. No. 105-147, 111 Stat. 2678 (1997), in order to fill a gap in U.S. law regarding the criminal liability of those who engage in harmful copyright infringement for non-commercial purposes. Its legislative history reveals congressional concern that additional penalties are needed to combat electronic copyright piracy. S. Rep. No. 105-339, at 4 (1997).

prospective injunction under *Ex Parte Young*. For example, state university systems' Intranets (computer networks linking classrooms, libraries, media centers and dormitory rooms) now make it possible for a university to distribute copies or performances of copyrighted works to countless faculty, students, and even members of the public. If the copyright law is not fully enforceable in these and other contexts involving state entities, copyright owners will suffer real and substantial harm.¹³

Against this background, *amici* fear state immunity in this context will act as a strong disincentive to full and appropriate state participation in the copyright marketplace. As indicated in the Copyright Remedy Act's legislative history, when two state universities found out that they faced no monetary liability for copyright infringement, they withdrew from negotiations with the Copyright Clearance Center for photocopying licenses. H.R. Rep. No. 101-282, at 8 (1989). Such incidents demonstrate not only the disincentive to adhere to the copyright law, absent effective remedies, but also a potential breakdown of the bargaining process essential to a healthy market for copyrighted works.

The constitutional goal of advancing "the Progress of Science and the Useful Arts" requires adequate remedies against infringers of all stripes—including States. For the reasons set forth below, *amici* urge this Court to affirm the decision of the Federal Circuit.

SUMMARY OF ARGUMENT

The Patent Remedy Act is constitutional. The Federal Circuit correctly determined that the Patent Remedy Act is a proper exercise of Congress' power under section 5

¹³ See S. Rep. No. 101-305, at 11 (1990) (describing how a State, once it found itself immune from damages, only offered to pay for one copy of software rather than license the number it needed).

of the Fourteenth Amendment. The appellate court's conclusion and analysis is consistent with this Court's Eleventh Amendment and section 5 jurisprudence, including *Seminole Tribe of Fl. v. Florida*, 517 U.S. 44 (1996), and *City of Boerne v. Flores*, 521 U.S. 507 (1997).

In *Seminole*, this Court set forth a two-part test for determining whether an act of Congress may abrogate a state's Eleventh Amendment immunity: (1) whether Congress has unequivocally expressed its intent to abrogate the state's immunity and (2) whether Congress has acted pursuant to a valid exercise of power. *Seminole*, 517 U.S. at 55. The Patent Remedy Act satisfies both requirements.

The requisite intent to abrogate state immunity from federal suit for patent infringement is plainly satisfied by the language of the statute.¹⁴ As to the second prong of the *Seminole* test, the Patent Remedy Act, and, by analogy, the Copyright Remedy Act are valid exercises of Congress' power under section 5 of the Fourteenth Amendment. Although *Seminole* teaches us that Congress may not use its Article I powers to abrogate state sovereign immunity, it also unambiguously reaffirmed Congress' authority to do so pursuant to section 5 of the Fourteenth Amendment. Moreover, Congress may use its powers under section 5 of the Fourteenth Amendment to enforce legislatively the guarantees against deprivations of property without due process of law contained in section 1 of that Amendment. Recognizing that College Savings Bank and the United States will explain in detail the correctness of the Federal Circuit's decision below, *amici* will focus their comments on certain discrete issues that they believe warrant special mention.

First, the legislative history of the Patent Remedy Act is consistent with the congressional determination that the

¹⁴ Petitioners concede this point. Br. of Pet. at 15.

objective of the Patent Remedy Act is constitutionally permissible and is entitled to due deference by this Court. Congress' overarching objective in enacting the Patent Remedy Act was to address its concern that the overall effectiveness and uniformity of the comprehensive patent system it created was threatened by the lack of effective legal tools to deter state-sponsored deprivations of patents. Congress responded to this concern by establishing reliable, consistent and targeted procedures to deter state deprivations—a necessity given both the manner in which patented products and processes move in interstate commerce and the need to avoid subjecting patent owners to inconsistent forms of protection.

Second, all the Court need decide in the instant case is that patents are property interests for purposes of the due process clause—a decision that readily flows from the fact that the status of patents as a species of property is longstanding, noncontroversial and beyond doubt. Contrary to what Petitioner has suggested, affirming the Federal Circuit's decision will not enable Congress to routinely enact laws creating property interests that in turn can serve as the basis for abrogating state sovereign immunity.

Third, the Patent Remedy Act fully respects the *Flores* Court's fundamental distinction between remedial and substantive legislation. It neither adds nor subtracts rights to or from the patent holder. Thus, the explicit language and singular purpose of the Act conclusively demonstrate why the Act is remedial and not substantive in nature.

Finally, unlike the Religious Freedom Restoration Act ("RFRA"), Pub. L. No. 103-141, 107 Stat. 1488 (1993), the Patent Remedy Act does not "contradict vital principles necessary to maintain separation of powers and the federal balance." *Flores*, 521 U.S. at 536. The statute at issue in *Flores* intruded into potentially every area of state regulation. The Patent Remedy Act, in contrast,

requires States to show the same respect for the patent rights of private parties that they expect private parties to show for theirs. The federal/state balance is therefore unaffected. Moreover, the Patent Remedy Act works no adverse effect on the separation of powers, as the Court remains the final arbiter of the Constitution's meaning. In sum, the Patent Remedy Act properly abrogated state Eleventh Amendment immunity pursuant to Congress' remedial power to protect deprivations of property under section 5 of the Fourteenth Amendment.

ARGUMENT

I. THE PATENT REMEDY ACT MEETS THIS COURT'S REQUIREMENTS FOR ABROGATING STATE IMMUNITY UNDER THE ELEVENTH AMENDMENT.

In order for an act of Congress to set aside state sovereign immunity, *Seminole Tribe* requires that Congress (1) "has 'unequivocally expresse[d] its intent to abrogate the immunity,'" and (2) "has acted 'pursuant to a valid exercise of power.'" *Seminole*, 517 U.S. at 55 (quoting *Green v. Mansour*, 474 U.S. 64, 68 (1985)).

A. Congress Unequivocally Expressed the Requisite Intent to Abrogate.

Here, no dispute exists over whether the Patent Remedy Act evinces the requisite congressional intent to abrogate state immunity; the Federal Circuit found—and the parties agreed—that such intent is present. *College Sav. Bank v. Florida Prepaid Educ. Expense Bd.*, 148 F.3d 1343, 1347 (Fed. Cir. 1998); Br. of Pet. at 15.¹⁵ This point is underscored by the fact that the *only* reason that

¹⁵ Similarly, the Fifth Circuit's initial *Chavez* decision found that the Copyright Remedy Act satisfied *Seminole's* intent requirement. See *Chavez v. Arte Publico Press*, 59 F.3d 539, 547 (5th Cir. 1995).

Congress enacted the Patent Remedy Act—and its copyright counterpart—was to abrogate state sovereign immunity from infringement suits in federal court.¹⁶

B. The Patent Remedy Act Is a Valid Exercise of Congress' Power Pursuant to Section 5 of the Fourteenth Amendment.

Although this Court in *Seminole* ruled that Congress cannot abrogate state sovereign immunity when acting under its Article I powers, it also reiterated that Congress does have the power to do so pursuant to section 5 of the Fourteenth Amendment. Section 5 gives Congress the power to enforce legislatively the guarantees against deprivations of life, liberty or property without due process of law.¹⁷ *Seminole*, 517 U.S. at 59 (citing *Fitzpatrick v. Bitzer*, 427 U.S. 445, 454-55 (1976)). Specifically, in *Seminole*, this Court reaffirmed its holding in *Fitzpatrick v. Bitzer*, 427 U.S. 445 (1976):

[T]hrough the Fourteenth Amendment, federal power extended to intrude upon the province of the Eleventh Amendment and therefore . . . § 5 of the Fourteenth Amendment allowed Congress to abrogate the immunity guaranteed by that Amendment.

¹⁶ See, e.g., S. Rep. No. 102-280, at 1 (1992) (indicating that states are not immune from patent infringement suits); H.R. Rep. No. 101-960, at 33 (1990) (noting that the legislation at issue was intended "to make it unmistakably clear that States are subject to suits in Federal courts . . . for patent infringement"); H.R. Rep. No. 101-282, at 2 (1989) ("The purpose of [the Copyright Remedy Act] . . . therefore, is to amend title 17 to clearly and explicitly abrogate State sovereign immunity to permit the recovery of money damages against States.").

¹⁷ Section 1 of the Fourteenth Amendment prevents the states from depriving individuals of "life, liberty or property without due process of law." U.S. Const. amend. XIV, § 1. Section 5 gives Congress the power to enforce section 1's guarantees through "appropriate legislation." U.S. Const. amend. XIV, § 5.

517 U.S. at 59. In *Fitzpatrick*, the Court recognized that the Fourteenth Amendment had fundamentally altered the balance of power established by the Constitution in 1789 by expanding federal power at the expense of State autonomy. See *id.* As the *Fitzpatrick* Court noted, Congress, under its section 5 power, may "provide for private suits against States or state officials which are constitutionally impermissible in other contexts." *Fitzpatrick*, 427 U.S. at 456. Thus, section 5 of the Fourteenth Amendment affirmatively limits the sovereign power of the States by allowing Congress to abrogate a State's Eleventh Amendment immunity from suit in federal court.

The sole issue here is whether the Patent Remedy Act is "appropriate legislation" for purposes of section 5 and thus sustainable under the Fourteenth Amendment—the "solitary legislative tool" available to Congress to abrogate state sovereign immunity. *College Savings*, 148 F.3d at 1347.¹⁸ This Court's recent decision in *City of Boerne v. Flores*, 521 U.S. 507 (1997), provides the jurisprudential framework necessary to answer this question.

In *Flores*, the Supreme Court confirmed the vitality of the test—previously set out in *Ex Parte Virginia*, 100

¹⁸ As the Federal Circuit correctly noted, Congress does not have to recite the source of its power when acting pursuant to section 5. *College Savings*, 148 F.3d at 1347; see also *EEOC v. Wyoming*, 460 U.S. 226, 243 n.18 (1983); *Woods v. Cloyd W. Miller Co.*, 333 U.S. 138, 144 (1948) ("[t]he . . . constitutionality of action taken by Congress does not depend on recitals of the power which it undertakes to exercise"); *Coger v. Board of Regents of Tenn.*, 154 F.3d 296, 303 (6th Cir. 1998); *Ussery v. Louisiana*, 150 F.3d 431, 436 (5th Cir. 1998) ("As long as Congress had such authority as an objective matter, whether it also had the specific intent to legislate pursuant to that authority is irrelevant."); *Goshtasby v. Board of Trustees of the Univ. of Ill.*, 141 F.3d 761, 768 (7th Cir. 1998) (requiring no "talismanic intoning" of the Fourteenth Amendment). Thus, it is of no consequence that Congress did not expressly allude to section 5 when it enacted the Copyright Remedy Act, but did explicitly invoke section 5 when it passed the Patent Remedy Act. See S. Rep. No. 102-280, at 8 (1992).

U.S. 339 (1880), and followed in *Katzenbach v. Morgan*, 384 U.S. 641, 651 (1966)—for determining whether an act is the product of an appropriate exercise of power under section 5:

Whatever legislation is appropriate, that is, adapted to carry out the objects the amendments have in view, whatever tends to enforce submission to the prohibitions they contain . . . if not prohibited, is brought within the domain of congressional power.

Katzenbach, 384 U.S. at 651.

Flores provided additional guidance regarding the application of the *Ex Parte Virginia/Katzenbach* test. First, it confirmed the principle that “§ 5 is ‘a positive grant of legislative power to Congress.’” *Flores*, 521 U.S. at 517 (citing *Katzenbach*, 384 U.S. at 651). Second, it advised the States that they may not pick and choose which provisions of the Fourteenth Amendment they wish to follow; section 5’s guarantees apply to all of them. *See id.* at 518-19. Third, the *Flores* Court clarified that although a significant grant of power, the Fourteenth Amendment’s reach has limits. *Id.* (citing *Oregon v. Mitchell*, 400 U.S. 112, 128 (1970)). Congress only has the power to enact “remedial” legislation to secure the Amendment’s guarantees; it may not create new “substantive” rights. *Id.* at 519. Thus, a proper “remedial” statute enacted pursuant to section 5 will have “a congruence and proportionality between the injury to be prevented or remedied and the means adopted to that end.” *Id.* at 520. Finally, although noting the limits of congressional power, the *Flores* Court acknowledged that the “line between measures that remedy or prevent unconstitutional actions and measures that make a substantive change in the governing law is not easy to discern, and Congress must have wide latitude in determining where it lies.” *Id.* at 519-20.

In *Flores*, the Court found RFRA went beyond the scope of Congress’ remedial section 5 powers by applying the following factors: (1) the proportionality between the threatened harm and the means adopted to address it; (2) the degree of intrusion inflicted on state governments by the Act; and (3) the impact of the statute on separation of powers and the federal/state balance. In large part, *Flores* turned on the unprecedented reach of RFRA; its “[s]weeping coverage ensure[d] its intrusion at every level of government, displacing laws and prohibiting official actions of almost every description and regardless of subject matter.” *Flores*, 521 U.S. at 532.¹⁹

The Federal Circuit faithfully adhered to *Flores* and this Court’s earlier section 5 precedent. Above all, the appellate court’s conclusions—that the objective of the Patent Act is a legitimate one and that the means employed by Congress to achieve that objective are “plainly adapted” to that end—are consistent with this Court’s relevant jurisprudence.

1. *The Legislative History of the Patent Remedy Act Amply Supports the Federal Circuit’s Determination that the Act’s Objective Is Legitimate.*

The Federal Circuit concluded that “[t]he objective of the Patent Remedy Act, which is to protect privately-held patent property from deprivation by states, is constitutionally legitimate.” *College Savings*, 148 F.3d at 1352. A review of the legislative history of the Patent Remedy Act underscores the correctness of this determination.

¹⁹ The real point of contention in *Flores* focused on the fact that RFRA subjected every statute whether federal, state or local—to the “most demanding test known to constitutional law.” *Flores*, 521 U.S. at 534. Once a claimant could show that a law substantially burdened the free exercise of religion, a claim “often . . . difficult to contest,” the State had to show that the law is the least restrictive means available to advance a compelling interest. *Id.*

Congress' overarching objective in enacting the Patent Remedy Act was to address its concern that the overall effectiveness and uniformity²⁰ of the comprehensive patent system it created²¹ was threatened by the lack of effective legal tools to deter State-sponsored deprivations of patents. Congress responded to this concern by putting in place reliable, consistent and targeted procedures to deter state deprivations—a necessity demonstrated by both the manner in which patented products and processes move in interstate commerce and the need to avoid subjecting patent owners to inconsistent forms of protection. In doing so, it was motivated by several relevant factors.

First, Congress knew that states are major users of patented works.²² As a witness told the House Judiciary

²⁰ Prior to the enactment of the Patent Remedy Act, this Court recognized that "[o]ne of the fundamental purposes behind the Patent and Copyright Clauses of the Constitution was to promote national uniformity in the realm of intellectual property." *Bonito Boats v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 162 (1989) (citing *The Federalist* No. 43, at 309 (B. Wright, ed. 1961)).

²¹ It is perfectly valid for Congress to use its section 5 powers to protect property created under Article I. Petitioner's argument to the contrary misconstrues the nature of congressional powers under Article I and section 5. Article I, Section 8, Clause 8, gives Congress authority to create and protect patents from infringements. Section 5 provides a basis for protecting "property" from due process deprivations—irrespective of the source of those property rights—by abrogating state immunity. This section 5 power is separate and apart from the grant of patent conferred through statutes enacted pursuant to the patent clause. The Federal Circuit correctly noted that "[t]he Constitution itself, by recognizing the importance of securing the rights of inventors to their inventions . . . signals a reason to secure patent property from risk of deprivation." *College Savings*, 148 F.3d at 1350.

²² *The Patent Remedy Clarification Act, Hearing on H.R. 3886 before the Subcomm. on Courts, Intellectual Property and the Admin. of Justice of the House Comm. on the Judiciary*, 101st Cong., 46-61 (1990) [hereinafter *House Hearings*] (statement of William S. Thompson).

Subcommittee on Courts, Intellectual Property and the Administration of Justice:

[s]tates and state instrumentalities own and operate hospitals, universities, prisons and libraries. States build and maintain roads. States provide facilities and equipment for large numbers of employees who all perform all manner of state supported activities. Its [sic] difficult for us to identify a patented product or process which might not be used by a state.

H.R. Rep. No. 101-960, at 38 (1990). Congress recognized that given this widespread use of patented products and processes by states, sovereign immunity from patent infringement suits in federal court left an important gap in the coverage of its otherwise comprehensive, uniform patent system. It sought to close this gap and deter state deprivations of property rights by making states amenable to suit in federal court and the full panoply of remedies provided for under the patent law.

Second, Congress emphasized that because federal courts have exclusive jurisdiction over patent cases,²³ state immunity would deny patent holders any forum in which to bring patent infringement damage actions against States:

Congress has given the Federal courts exclusive jurisdiction over claims arising under our nation's patent law to ensure uniformity in our patent system. However, this exclusive jurisdiction has resulted in the unintended consequence of eliminating the only forum for patent owners to obtain relief against States, due to the Eleventh Amendment protection.

H.R. Rep. No. 101-960, at 38 (1992).

Third, Congress took no solace in the suggestion—echoed by Petitioner—that state law remedies provide

²³ 28 U.S.C. § 1338(a) (1994).

adequate protection against state patent infringements. Not only did Congress discount this option as thwarting the objective of a uniform patent system,²⁴ it also recognized that the general availability of effective state remedies was tenuous given the preemptive reach of the patent law.²⁵ Thus, the Federal Circuit was fully justified in

²⁴ H.R. Rep. No. 101-960, at 38 ("Now, if patentees turn to the State courts for alternative forms of relief from patent infringement, the result will be a patchwork of State laws, actually undermining the goal of national uniformity in our patent system.").

[A] problem with this approach [reliance on state remedies] is that it assumes that such state law remedies will be available in every state in which the patentee's product is sold. This may or may not be true. In any event, requiring a potential plaintiff (patentee) to ascertain the validity of her claims under the differing substantive and procedural laws of the fifty states may well prove a very substantial disincentive to the commencement of such suits. Moreover, it would vitiate a major goal of the federal intellectual property system: *national uniformity*. In short, these remedies are no substitute for patent infringement actions.

House Hearings, supra, at 34 (statement of Professor Robert Merges) (internal citations omitted).

²⁵ To underscore this point, the House Judiciary Committee favorably quoted from the testimony of Professor Robert Merges:

[I]t is not clear whether a claim that is in *substance* a patent infringement claim would be heard by a state court, especially after the Supreme Court's decision last year in *Bonito Boats v. Thundercraft Boats, Inc.* [489 U.S. 141 (1989)]. A patentee could be caught in a catch-22, with her state law claims preempted by the federal patent statute under *Bonito Boats*, but her patent suit blocked by a sovereign immunity defense.

H.R. Rep. No. 101-960, at 37 n.158.

Further, the Federal Circuit in *College Savings*, while acknowledging that it had previously

opined in dicta that . . . a [takings claim premised on a patent infringement theory] could be brought in state court, *see Jacobs Wind Elec. Co. v. Department of Transp.*, 919 F.2d 726, 728 (Fed. Cir. 1990), *such process may be illusory*. The Supreme Court has not indicated whether a takings claim based on patent infringement is cognizable in state court in light of

rejecting the argument that abrogation under the Patent Remedy Act should apply only to states "that fail to provide a remedy for patent infringement by the state, or that provide a remedy of such inconsequence as to be illusory." *College Savings*, 148 F.3d at 1350. As the appellate court stated,

[t]his interpretation imputes to Congress an intent to overlook the enforcement of federal patent rights on a piecemeal, state-by-state basis and to deny Congress the authority to subject all states to suit for patent infringement in the federal courts, regardless of the extent of procedural due process that may exist at a particular time. . . . [T]he fact that Florida *may* today have some process available to a patentee asserting infringement by the state does not preclude Congress from exercising its powers under the Fourteenth Amendment.

College Savings, 148 F.3d at 1351.

Fourth, in Congress' view, effective, uniform protections against state deprivations of patents were needed to eradicate the arbitrary, anomalous and unfair advantage that sovereign immunity confers on states:

[T]he current state of the law leaves the protection afforded to patent . . . holders dependant [sic] upon the status of the infringing party. A public school such as UCLA can sue a private school such as USC for patent infringement, yet USC cannot sue UCLA for the same act. . . . State universities should not have an unjustified advantage in the commercial arena over private universities for funding because

the fact that Congress has declared that claims arising under the federal patent law are within the exclusive province of the federal courts. *See* 28 U.S.C. § 1338(a) (1994).
148 F.3d at 1350 (emphasis added).

of the potential for immunity from patent infringement actions.²⁶

S. Rep. No. 102-280, at 9 (1992) (internal citations omitted).

2. Patents Are Property and Protecting Them from State Infringement Is a Legitimate End Under the Fourteenth Amendment.

The Federal Circuit noted that the determination whether a certain interest qualifies as property "may prove a difficult task at times," *College Savings*, 148 F.3d at 1352, but rightly concluded that no such difficulty occurs here. In this case, the Court need only decide whether patents are property that Congress may protect from state deprivations through its powers under section 5. *Amici* believe that the Court's answer to this question is a simple one, given the longstanding, undisputed and non-controversial recognition of patents as a property right.

In *Board of Regents v. Roth*, 408 U.S. 561 (1972), this Court laid down the test clarifying the meaning of property under the due process clause inescapably supporting the conclusion that patents are property rights. The Court acknowledged that the scope of property interests safeguarded by the Fourteenth Amendment "may take many forms," *Roth*, 408 U.S. at 576, and continued:

To have a property interest in a benefit, a person clearly must have more than an abstract need or desire for it. He must have more than a unilateral

²⁶ See also 135 Cong. Rec. S1757 (daily ed. Feb. 27, 1990) ("As State and private universities vie for research projects sponsored by industries, the sovereign immunity defense will create an uneven playing field. A private company looking to do research in a competitive area will consider a state university more favorably as a research partner since that institute would be immune from competitors' infringement suits") (statement of Senator DeConcini).

expectation of it. He must, instead, have a legitimate claim of entitlement to it.

Id. at 577.

The propriety of the Federal Circuit's conclusion that "central and historic" fixtures such as patents constitute "property" is indisputable. *College Savings*, 148 F.3d at 1352. This Court first recognized patents as a species of property over a century ago, *Brown v. Duchesne*, 60 U.S. (9 How.) 183, 197 (1856), and justly so. Patents exhibit the one attribute common to every species of property: the right to exclude others from use. *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1548 (Fed. Cir. 1983) ("Under the statute, 35 U.S.C. § 261, a patent is a form of property right, and the right to exclude recognized in a patent is but the essence of the concept of property."); *Panduit Corp. v. Stahl Bros.*, 575 F.2d 1152, 1158 n.5 (6th Cir. 1978) ("that one human property right may be challenged by trespass, another by theft, and another by infringement, does not affect the fundamental indicium of all 'property,' i.e., the right to exclude others."); see also 35 U.S.C. § 271 (1994) (creating remedies for trespass on the patent owner's rights). Thus, it seems beyond cavil that patents meet the definition of property for purposes of the due process clause.²⁷

Here, the question before the Court is whether an intangible "historical fixture" such as a patent constitutes property for section 5 purposes. The answer is obvious—a resounding yes. Such a determination is not a "direct end-run around *Seminole's* holding," *Chavez*, 157 F.3d at 290, because section 5 affirmatively grants Congress power to remedy state deprivations of property. The Federal

²⁷ *Amici* note that the same may be said of copyright. See *Chavez*, 157 F.3d at 296 (Wisdom, J., dissenting) (noting the historic treatment of copyrights as property).

Circuit's validation of the Patent Remedy Act is therefore not, as Petitioner and its *amici* would have this Court believe, an aberrant and unjustifiable result, but "one grounded in the Constitution and well-established precedent." *Chavez*, 157 F.3d at 298 (Wisdom, J., dissenting). "[I]f the reasoning of *Fitzpatrick* is to retain vitality, it must be that the protection of a well-established property interest such as a patent is a permissible objective under the Fourteenth Amendment." *College Savings*, 148 F.3d at 1352.

Amici strain to envision any bundle of rights that Congress could protect from deprivation if the patent holder's rights in his invention do not meet the definition of property. Moreover, any concerns over an "end run" are misplaced because this Court remains the final arbiter of the Constitution's meaning. Congress does have power to interpret the Constitution and its interpretations are due deference, particularly with regard to an "area of specially informed legislative competence." *Katzenbach*, 384 U.S. at 648. However, this Court—and only this Court—will determine ultimately what the term "property" means in the context of the Fourteenth Amendment. *Cf. Flores*, 521 U.S. at 520-24 (examining legislative history to determine whether Congress had attempted to create a substantive right under section 5). Should Congress misconstrue the meaning of property for due process purposes, this Court will restore the constitutional balance, as it has in the past. *Cf. id.* at 536 (striking down RFRA as an impermissible intrusion); *Lopez v. United States*, 514 U.S. 549 (1995) (striking down federal gun control law as impermissible overreaching under Article I). Here, the historic characteristics of patent rights support the Federal Circuit's conclusion that, as property, patents legitimately deserve protection from state infringements under the Fourteenth Amendment.

3. *The Patent Remedy Act's Compliance with the Substantive/Remedial Test in Flores Is underscored by the Text and Singular Purpose of the Act.*

The Patent Remedy Act fully respects the *Flores* Court's fundamental distinction between remedial and substantive legislation. The explicit language, legislative history, and singular purpose of the Act demonstrate why it is clearly remedial and not substantive in nature.

The Act makes no substantive changes in the patent law whatsoever, nor does it change the remedial provisions of the patent law. The *sole* purpose of the Patent Remedy Act is to ensure that patent owners have a forum and effective remedies when their property rights are infringed by states²⁸—a result that Congress had always intended.²⁹ In effect, Congress viewed the Act as a technical amendment to the patent law necessitated by court decisions requiring it to speak with heightened specificity when abrogating state sovereign immunity.³⁰

²⁸ "The purpose of S. 758 [the bill that became the Patent Remedy Act] is to clarify Congress' intent that States and State entities are not immune from infringement suits under the Patent Code" S. Rep. No. 102-280, at 1.

²⁹ "Congress never intended for states to be immune from patent . . . infringement suits in Federal court." S. Rep. No. 102-280, at 11; *see also House Hearings, supra*, at 5 ("It is my belief that the Congress never intended to exempt the States from damages for copyright or patent infringement.") (statement of Rep. Kastemeier).

³⁰ *See* S. Rep. No. 102-280, at 4-6 (discussing the "unmistakably clear" test articulated in *Atascadero State Hosp. v. Scanlon*, 473 U.S. 234 (1985), and *Atascadero's* impact on patent infringement suits, specifically, *Chew v. State of Calif.*, 893 F.2d 331 (Fed. Cir. 1991) and *Jacobs Wind Elec. Co. Inc., supra*).

4. *The Patent Remedy Act Respects the Fundamental Precepts of Separation of Powers and the Federal/State Balance.*

In *Flores*, the Court noted that “[broad] as the power of Congress is under the Enforcement Clause of the Fourteenth Amendment, RFRA contradicts vital principles necessary to maintain separation of powers and the federal balance.” 521 U.S. at 536. The Patent Remedy Act suffers no such infirmity.

The Patent Remedy Act, unlike RFRA, fully respects the federal/state balance which undergirds our constitutional scheme. The fatal defect in RFRA was the myriad ways in which it intruded on state regulatory activities. In *Flores*, RFRA drowned in its own intrusiveness on traditional state prerogatives. The statute effectively allowed challenges against a whole host of state legislative acts based on an individual’s subjective belief that his religious rights have been impinged upon and then subjected those laws to the most exacting test in our constitutional system. *See Flores*, 521 U.S. at 532-35. In that situation, the Court concluded that RFRA imposed a level of federal intrusion into state affairs that the Constitution could not countenance.

The Patent Remedy Act stands in stark contrast to the full-scale assault on state sovereignty attempted by RFRA. Here, the States are by no means disadvantaged; the Patent Remedy Act merely requires them to abide by the same rules as all other private entities. They only face the burdens everyone else is required to shoulder—an equitable result given that they reap the full benefits of patent ownership. When juxtaposed against the broad sweep of RFRA, it is clear that the Patent Remedy Act does not impermissibly skew the federal/state balance.

Moreover, unlike RFRA, the Patent Remedy Act does not alter the separation of powers between the judicial

and legislative branches. As noted above, the Patent Remedy Act is remedial, not substantive in nature; it does not trespass on the judiciary’s role as final arbiter of the meaning of the Constitution. In addition, the Act respects the role of federal courts in preserving the uniformity of rights and remedies under the federal patent system by enabling federal judges to hear infringement actions—an impossibility if sovereign immunity attaches.

Thus, the measures taken by Congress to ensure that patent owners have a forum to redress state deprivations of their property rights falls well within the permissible use of its power under the Fourteenth Amendment.

CONCLUSION

For all the foregoing reasons, the decision of the Federal Circuit should be affirmed.

Respectfully submitted,

MICHAEL R. KLIPPER •
CHRISTOPHER A. MOHR
MEYER & KLIPPER, PLLC
918 16th Street, N.W.
Washington, D.C. 20006
(202) 496-0830

On Behalf of The American
Society of Composers,
Authors, And Publishers;
Broadcast Music Inc.; The
Business Software Alliance;
The Motion Picture
Association of America;
The Recording Industry
Association of America;
And Reed Elsevier Inc.
As Amici Curiae

• Counsel of Record

APPENDIX

APPENDIX

IDENTITY OF INDIVIDUAL *AMICI*

The American Society of Composers, Authors, and Publishers ("ASCAP") and Broadcast Music Inc. ("BMI") are performing rights licensing organizations, together representing the creators of more than 90% of the copyrighted musical works performed publicly throughout the United States. The two organizations license their hundreds of thousands of members' and affiliates' works for nondramatic public performance by thousands of businesses and others, including numerous State-operated universities, stadia, arenas, radio and television stations, and Internet web sites, all of whom pay fees for the right to perform the music in the ASCAP and BMI repertories.

The Business Software Alliance ("BSA") is a trade association whose members include the leading software publishers in the United States. These companies have helped the United States attain and retain its status as the world's leading producer and distributor of computer software. Products produced by BSA members represent a broad array of business software, including but not limited to programs for graphic arts and presentations, engineering, architecture, word processing, spreadsheets, databases, networking, productivity, connectivity and system stability/protection. Software is ubiquitous throughout businesses and organizations around the United States. However, approximately 27% of all software in the United States is unlicensed and therefore illegal. This resulted, in 1996, in an estimated 130,000 jobs that were not created and nearly \$1 billion in lost tax revenues.

States and their instrumentalities are no different from other U.S. businesses with respect to their software usage. Software is used in almost every imaginable governmental function, from specialized tasks to general office adminis-

tration. Moreover, the very size and number of States and their instrumentalities puts them in a class of very large users of software products. BSA, on behalf of its members, has investigated and settled claims of software piracy against state instrumentalities, including agencies and schools.

The Motion Picture Association of America is a non-profit trade association founded in 1922 to promote the interests of the motion picture industry in the United States. The MPAA's members produce and distribute approximately 90% of the filmed entertainment in the theatrical, television and home video markets. Its seven members are among the leading producers and distributors of motion pictures in the United States. Significant amounts of this product are currently licensed to state-owned entities such as schools, libraries and prisons.

The Recording Industry Association of America is a non-profit trade association whose member companies produce, manufacture and distribute over 90% of the legitimate sound recordings, records, CDs and audio tapes sold in the United States. Among other things, the RIAA's mission is to protect its members' intellectual property rights worldwide, including in the networked environment. Over the past three years, the RIAA has seen a proliferation of illicit music sites on the Internet, many offering hundreds to thousands of its members' full length recordings for users to download. University and college students, many at state-operated institutions, operated a majority of the illicit sites located by the RIAA in 1997 and 1998.

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